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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

October 21, 2009

CERTIFIED RETURN RECEIPT
7003 2260 0002 0247 8706

Dale Rogers
Wah Wah Slate and Flagstone
218 South 400 West
Delta, Utah 84624

Subject: Notice of Cancellation/Termination of Reclamation Letter of Credit Number
[REDACTED] Wah Wah Slate and Flagstone; Drumbeat #1, 2, 3, and 4 Mine;
S/023/0089; Juab County, Utah

Dear Mr. Rogers:

Please review the enclosed notice of non-renewal notification from Zions Bank indicating letter of credit [REDACTED] in the amount of \$8800.00 for the Drumbeat #1, 2, 3, and 4 mine will not be renewed. According to the terms of the LOC, the bank may elect not to renew as long as a ninety (90) day notice is given to the Division. These terms have been met; therefore, effective January 23, 2010, the LOC will be not be renewed. Paragraph 2 of the Reclamation Contract, states the operator shall provide a replacement surety within sixty (60) days following the Division's receipt of the cancellation/termination notice.

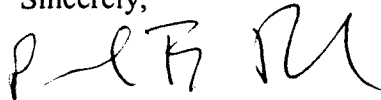
You are hereby advised that the Division must receive a replacement form of surety on or before December 24, 2009, or the Division will be forced to do any/some of the following:

- Carry out the terms of LOC number [REDACTED]
- Submit a request to the Board of Oil, Gas and Mining to withdraw the permit
- Order the cessation of mining operations
- Order immediate reclamation of all lands affected

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If you have questions or require assistance regarding the surety, please contact Penny Berry (801) 538-5291 or email bondcoordinator@utah.gov . Thank you in advance for your prompt attention to this important permitting requirement.

Sincerely,

A handwritten signature in black ink, appearing to read 'P. Baker'.

Paul Baker
Minerals Program Manager

PBB:pb

Enclosure: Notice of Non-Renewal

Cc: jerry_mansfield@blm.gov

Opic_abeyta@blm.gov

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